



General Assembly

February Session, 2008

Raised Bill No. 5940

LCO No. 3495

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Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING A SHARE OF SALES TAX REVENUE FOR
REGIONAL PROGRAMS, AND THE OPEN SPACE TAX CREDIT
PROGRAM.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2008, and applicable to sales*
2 *occurring on or after said date*) (a) Notwithstanding any provision of the
3 general statutes to the contrary, one-half per cent of all funds received
4 or collected by the state from the tax imposed by chapter 219 of the
5 general statutes on sales and services, shall be paid by the
6 Commissioner of Revenue Services to the regional council of
7 governments covering the member municipalities in which such taxes
8 were collected.

9 (b) Any funds received by a regional council of governments
10 pursuant to subsection (a) of this section shall be used for a program or
11 project initiated pursuant to the regional performance incentive
12 program established under section 4-124s of the 2008 supplement to
13 the general statutes.

14 Sec. 2. Subdivision (1) of section 12-408 of the general statutes is

15 repealed and the following is substituted in lieu thereof (*Effective*
16 *October 1, 2008, and applicable to sales occurring on or after said date*):

17 (1) For the privilege of making any sales, as defined in subdivision
18 (2) of subsection (a) of section 12-407 of the 2008 supplement to the
19 general statutes, at retail, in this state for a consideration, a tax is
20 hereby imposed on all retailers at the rate of six and one-half per cent
21 of the gross receipts of any retailer from the sale of all tangible
22 personal property sold at retail or from the rendering of any services
23 constituting a sale in accordance with subdivision (2) of subsection (a)
24 of section 12-407 of the 2008 supplement to the general statutes, except,
25 in lieu of said rate of six and one-half per cent, (A) at a rate of twelve
26 and one-half per cent with respect to each transfer of occupancy, from
27 the total amount of rent received for such occupancy of any room or
28 rooms in a hotel or lodging house for the first period not exceeding
29 thirty consecutive calendar days, (B) with respect to the sale of a motor
30 vehicle to any individual who is a member of the armed forces of the
31 United States and is on full-time active duty in Connecticut and who is
32 considered, under 50 App USC 574, a resident of another state, or to
33 any such individual and the spouse thereof, at a rate of four and
34 one-half per cent of the gross receipts of any retailer from such sales,
35 provided such retailer requires and maintains a declaration by such
36 individual, prescribed as to form by the commissioner and bearing
37 notice to the effect that false statements made in such declaration are
38 punishable, or other evidence, satisfactory to the commissioner,
39 concerning the purchaser's state of residence under 50 App USC 574,
40 (C) (i) with respect to the sales of computer and data processing
41 services occurring on or after July 1, 1997, and prior to July 1, 1998, at
42 the rate of five per cent, on or after July 1, 1998, and prior to July 1,
43 1999, at the rate of four per cent, on or after July 1, 1999, and prior to
44 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and
45 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,
46 at the rate of one and one-half per cent, (ii) with respect to sales of
47 Internet access services, on and after July 1, 2001, such services shall be
48 exempt from such tax, (D) with respect to the sales of labor that is

49 otherwise taxable under subparagraph (C) or (G) of subdivision (2) of
50 subsection (a) of section 12-407 of the 2008 supplement to the general
51 statutes on existing vessels and repair or maintenance services on
52 vessels occurring on and after July 1, 1999, such services shall be
53 exempt from such tax, (E) with respect to patient care services for
54 which payment is received by the hospital on or after July 1, 1999, and
55 prior to July 1, 2001, at the rate of five and three-fourths per cent and
56 on and after July 1, 2001, such services shall be exempt from such tax.
57 The rate of tax imposed by this chapter shall be applicable to all retail
58 sales upon the effective date of such rate, except that a new rate which
59 represents an increase in the rate applicable to the sale shall not apply
60 to any sales transaction wherein a binding sales contract without an
61 escalator clause has been entered into prior to the effective date of the
62 new rate and delivery is made within ninety days after the effective
63 date of the new rate. For the purposes of payment of the tax imposed
64 under this section, any retailer of services taxable under subparagraph
65 (I) of subdivision (2) of subsection (a) of section 12-407 of the 2008
66 supplement to the general statutes, who computes taxable income, for
67 purposes of taxation under the Internal Revenue Code of 1986, or any
68 subsequent corresponding internal revenue code of the United States,
69 as from time to time amended, on an accounting basis which
70 recognizes only cash or other valuable consideration actually received
71 as income and who is liable for such tax only due to the rendering of
72 such services may make payments related to such tax for the period
73 during which such income is received, without penalty or interest,
74 without regard to when such service is rendered.

75 Sec. 3. Subdivision (1) of section 12-411 of the general statutes is
76 repealed and the following is substituted in lieu thereof (*Effective*
77 *October 1, 2008, and applicable to sales occurring on or after said date*):

78 (1) An excise tax is hereby imposed on the storage, acceptance,
79 consumption or any other use in this state of tangible personal
80 property purchased from any retailer for storage, acceptance,
81 consumption or any other use in this state, the acceptance or receipt of

82 any services constituting a sale in accordance with subdivision (2) of
83 subsection (a) of section 12-407 of the 2008 supplement to the general
84 statutes, purchased from any retailer for consumption or use in this
85 state, or the storage, acceptance, consumption or any other use in this
86 state of tangible personal property which has been manufactured,
87 fabricated, assembled or processed from materials by a person, either
88 within or without this state, for storage, acceptance, consumption or
89 any other use by such person in this state, to be measured by the sales
90 price of materials, at the rate of six and one-half per cent of the sales
91 price of such property or services, except, in lieu of said rate of six and
92 one-half per cent, (A) at a rate of twelve and one-half per cent of the
93 rent paid for occupancy of any room or rooms in a hotel or lodging
94 house for the first period of not exceeding thirty consecutive calendar
95 days, (B) with respect to the storage, acceptance, consumption or use in
96 this state of a motor vehicle purchased from any retailer for storage,
97 acceptance, consumption or use in this state by any individual who is a
98 member of the armed forces of the United States and is on full-time
99 active duty in Connecticut and who is considered, under 50 App USC
100 574, a resident of another state, or to any such individual and the
101 spouse of such individual at a rate of four and one-half per cent of the
102 sales price of such vehicle, provided such retailer requires and
103 maintains a declaration by such individual, prescribed as to form by
104 the commissioner and bearing notice to the effect that false statements
105 made in such declaration are punishable, or other evidence,
106 satisfactory to the commissioner, concerning the purchaser's state of
107 residence under 50 App USC 574, (C) with respect to the acceptance or
108 receipt in this state of labor that is otherwise taxable under
109 subparagraph (C) or (G) of subdivision (2) of subsection (a) of section
110 12-407 of the 2008 supplement to the general statutes on existing
111 vessels and repair or maintenance services on vessels occurring on and
112 after July 1, 1999, such services shall be exempt from such tax, (D) (i)
113 with respect to the acceptance or receipt in this state of computer and
114 data processing services purchased from any retailer for consumption
115 or use in this state occurring on or after July 1, 1997, and prior to July 1,

116 1998, at the rate of five per cent of such services, on or after July 1,
117 1998, and prior to July 1, 1999, at the rate of four per cent of such
118 services, on or after July 1, 1999, and prior to July 1, 2000, at the rate of
119 three per cent of such services, on or after July 1, 2000, and prior to July
120 1, 2001, at the rate of two per cent of such services, on and after July 1,
121 2001, at the rate of one and one-half per cent of such services, and (ii)
122 with respect to the acceptance or receipt in this state of Internet access
123 services, on or after July 1, 2001, such services shall be exempt from
124 tax, (E) with respect to the acceptance or receipt in this state of patient
125 care services purchased from any retailer for consumption or use in
126 this state for which payment is received by the hospital on or after July
127 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths
128 per cent and on and after July 1, 2001, such services shall be exempt
129 from such tax.

130 Sec. 4. Subsection (c) of section 12-411b of the general statutes is
131 repealed and the following is substituted in lieu thereof (*Effective*
132 *October 1, 2008, and applicable to sales occurring on or after said date*):

133 (c) Any agreement entered into under subsection (a) of this section
134 may provide that the contractor and its affiliates shall collect the use
135 tax only on items that are subject to the six and one-half per cent rate of
136 tax.

137 Sec. 5. Section 12-217dd of the general statutes is repealed and the
138 following is substituted in lieu thereof (*Effective July 1, 2008, and*
139 *applicable to income years commencing on or after January 1, 2008*):

140 (a) For purposes of this section, "donation of open space land"
141 means the value of any land or interest in land conveyed without
142 financial consideration, or the value of any discount of the sale price in
143 any sale of land or interest in land, to the state, a political subdivision
144 of the state, a water company, as defined in section 25-32a, or to any
145 nonprofit land conservation organization where such land is to be
146 permanently preserved as protected open space or used as a public
147 water supply source.

148 (b) There shall be allowed a credit for all taxpayers against the tax
 149 imposed under section 12-217, in an amount equal to fifty per cent of
 150 any donation of open space land or as a public water supply source.
 151 For purposes of calculating the credit under this section, the amount of
 152 donation shall be based on the use value of the donated open space
 153 land and the amount received for such land. For purposes of this
 154 subsection, "use value" means the fair market value of land at its
 155 highest and best use, as determined by a certified real estate appraiser.

156 (c) A credit that is allowed under this section, with respect to any
 157 taxable year commencing on or after January 1, 2000, but is not used by
 158 a taxpayer may be carried forward to each of the successive income
 159 years until such credit is fully taken. In no case shall a credit that is not
 160 used be carried forward for a period of more than [fifteen] twenty-five
 161 years.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008, and applicable to sales occurring on or after said date</i>	New section
Sec. 2	<i>October 1, 2008, and applicable to sales occurring on or after said date</i>	12-408(1)
Sec. 3	<i>October 1, 2008, and applicable to sales occurring on or after said date</i>	12-411(1)
Sec. 4	<i>October 1, 2008, and applicable to sales occurring on or after said date</i>	12-411b(c)
Sec. 5	<i>July 1, 2008, and applicable to income years commencing on or after January 1, 2008</i>	12-217dd

Statement of Purpose:

To provide sales tax revenue to regional councils of government for the regional incentive program, to increase the sales tax to provide for such regional share, and to increase the carry-forward period for donations of land for open space.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]